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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/783,582	02/20/2004	Luis A. Freeman	RPS920030179US1	7737
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SAWYER LAW GROUP LLP 2465 E. Bayshore Road, Suite No. 406 PALO ALTO, CA 94303			EXAMINER CHONG CRUZ, NADJA N	
			ART UNIT	PAPER NUMBER
			3623	
			NOTIFICATION DATE	DELIVERY MODE
			08/07/2008	ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

patent@sawyerlawgroup.com

<b>Office Action Summary</b>	<b>Application No.</b> 10/783,582	<b>Applicant(s)</b> FREEMAN ET AL.	
	<b>Examiner</b> NADJA CHONG CRUZ	<b>Art Unit</b> 3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 20 February 2004.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-24 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-24 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 20 February 2004 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>2/20/04</u> .   | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### **Status of Claims**

1. This is a Non-Final office action in reply to the application filed on 20 February 2004.
2. Claims 1-24 are currently pending and have been examined.

### **Drawings**

3. The drawings are objected to as failing to comply with 37 CFR 1.84(p)(5) because they include the following reference character(s) not mentioned in the description: Figure 2, reference character 214 and Figure 3, reference character 304. Corrected drawing sheets in compliance with 37 CFR 1.121(d), or amendment to the specification to add the reference character(s) in the description in compliance with 37 CFR 1.121(b) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the changes are not accepted by the examiner, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.
4. In addition to Replacement Sheets containing the corrected drawing figure(s), applicant is required to submit a marked-up copy of each Replacement Sheet including annotations indicating the changes made to the previous version. The marked-up copy must be clearly labeled as "Annotated Sheets" and must be presented in the amendment or remarks section that explains the change(s) to the drawings. See 37 CFR 1.121(d)(1). Failure to timely submit the proposed drawing and marked-up copy will result in the abandonment of the application.

**Claim Rejections - 35 USC § 101**

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 1-10 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)).
7. A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here claims 1-10 fail to meet the above requirements because they are not tied to another statutory class of invention.
8. Nominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process. See *Benson*, 409 U.S. at 71-72. As *Comiskey* recognized, "the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter." *Comiskey*, 499 F.3d at 1380 (citing *In re Grams*, 888 F.2d 835, 839-40 (Fed. Cir.1989)). Incidental physical limitations, such as data gathering, field of use limitations, and post-solution activity are not enough to convert an abstract idea into a statutory process. In other words, nominal or token recitations of structure in a method claim do not convert an otherwise ineligible claim into an eligible one.

**Claim Rejections - 35 USC § 102**

9. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

10. Claims 1-2, 4-8, 10-12, 14-18 and 20-23 are rejected under 35 U.S.C. 102(b) as being anticipated over Rand et al (US 5,960,414) hereinafter "Rand".

**Claims 1 and 11:**

Rand as shown discloses a system, program and method for monitoring excess inventory, the system, program and method comprising:

- *creating a profile for the commodity* (column 2, lines 45-47 and column 3, lines 16-18: which teaches that "requirements are determined" (e.g., creation of a profile) "for each component part" (e.g., a commodity) "over a predetermined period" where "each record in the summarized excess inventory table includes a field for maintaining actual accruals for excess materials for a platform product" (e.g., a commodity). Rand teaches a creation of a profile for the commodity in order to monitor excess inventory);

Rand teaches that historical demand forecast (e.g., "inventory table allows reporting access to historic data", column 3, lines 56-58), current cycle's demand forecasts ( e.g., "requirements are determined for each component part over a predetermined period", column 2, lines 45-48) and actual consumption data (e.g., Figure 1, "[c]reate record with consumption notation 17"); where historical demand forecast, current cycle's demand forecasts and actual consumption data (e.g., components of a waterfall template/demand cascade; see spec, page 5, lines 5-8) are recorded in excess inventory table (e.g., "[t]he number of excess components is

then recorded in a record for the component part within an excess inventory table", column 2, lines 50-53) in order to monitor excess inventory.

Further it is noted that the label of a waterfall template/cascade demand merely represents non-functional descriptive material wherein the intended use of the system/method does not alter the recited structural elements. The recited method steps would be performed the same regardless of the specific data and/or intended use of the space planning system. Further, the structural elements remain the same regardless of the specific data and/or intended use of the space planning system. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106.

Rand further discloses:

- *and analyzing the profile and the waterfall template to generate an output report* (column 2, lines 50-54, column 3, lines 35-36: which teaches that "the MPR data" (e.g., commodity profile and waterfall template) "is used to determine" (e.g., to analyze) "a number of excess component parts. The number of excess components is then recorded in a record for the component part within an excess inventory table" (e.g., an output report). In addition Rand provides "accurate reporting" (e.g., report generation) "of excess material exposure with multiple planning methods");
- *wherein the output report indicates the excess inventory and associated liability for a plurality of liability horizons* (column 3, lines 44-53: which teaches that "[f]lexibility in planning cycle (monthly, weekly, daily, etc.)" (e.g., a plurality of liability horizons) "provides for real time identification of excess material on hand and excess material on order" (e.g., output report of excess inventory) "an opportunity for a manufacturing organization to cancel, push out or reschedule orders to avoid procuring material not required" (e.g., associated liability). Rand teaches that the

output report indicates the excess inventory and its associated liability in a planning cycle);

**Claims 2, 12 and 22:**

Rand as shown discloses the following limitation:

- *wherein the profile is a liability profile that comprises a plurality of cancellation windows, each of which indicate a level of liability associated with excess inventory existing within each cancellation window* (column 3, lines 44-46 and column 5, lines 6-8: which teaches that “[t]he excess inventory system includes an excess inventory detail table 25 and a financially summarized excess inventory data table 26” (e.g., level of liability associated with excess inventory) of each part component. In addition Rand teaches that during a “[f]lexibility planning cycle (monthly, weekly, daily, etc.)” (e.g., a plurality of cancellation windows) orders are cancelled, push out or rescheduled where it “provides for real time identification of excess material on hand and excess material on order” with the purpose to avoid procuring material not required in a planning cycle.

**Claims 4, 14 and 23:**

Rand as shown discloses the following limitation:

- *wherein the waterfall template represents a number of units ordered over a fixed period* (column 4, lines 39-43: which teaches that “[i]n step 13 a check is made to determine if the material has dependent or independent requirements. A dependent requirement is a customer order for a product”. Rand teaches a number of units ordered” (e.g., customer order for a product) over a fixed period (e.g., 6 month period));
- *and a number of units consumed during the fixed period* (Figure 1, which it illustrates a process flow for an excess inventory system where Rand teaches a “[c]reate record with consumption notation 17” (e.g., number of units consumed));

**Claims 5 and 15:**

- *collecting current and past demand forecast data, wherein demand forecast data comprises the number of units ordered on a weekly basis for a cycle comprising a set number of weeks* (Figure 1 and column 2, lines 61-65, which it illustrates “Determine forecasted requirements” in a 6 month (e.g., set number of weeks) which is well known in the art that to gather current and past data in order to forecast demand data. In addition Rand teaches that [t]he forecasting and updating the excess inventory table may be scheduled at any time after the performance of an MRP cycle. For example, this may be done monthly, weekly, daily or even hourly”);
- *and collecting current and past consumption data, wherein consumption data comprises the number of units consumed during a cycle* (Figure 1, which it illustrates a process flow for an excess inventory system where Rand teaches a “[c]reate record with consumption notation 17” (e.g., number of units consumed during a cycle, 6 months). Rand teaches that collecting current and past consumption data during a manufacturing cycle is well known in the art in order to determine excess inventory for a manufacturing process, where the material on hand balances and on order exceeds that period requirement, that material is considered in excess);

**Claims 6 and 16:**

- *utilizing the output report to manage the excess inventory* (column 3, lines 16-18: which teaches that “each record in the summarized excess inventory table includes field for maintaining actual accruals for excess materials for a platform product”. Rand teaches an output report (e.g., excess inventory table) to manage the excess inventory);



**Claims 7 and 17:**

- *adjusting a future demand forecast to mitigate partially or entirely the liability associated with the excess inventory* (column 3, lines 48-51: which teaches that Rand enables “flexibility and scalability to adjust to requirements planning changes” (e.g., future demand forecast), “if the organization alters its planning cycle” in order to mitigate partially the liability associated with the excess inventory);

**Claims 8 and 18:**

- *submitting a hypothetical demand forecast to determine an effect upon the excess inventory and the associated liability* (column 4, lines 55-61: which teaches that “[o]nce the excess inventory system has calculated the exact 6 month requirements or estimated the requirements, the excess inventory system performs a calculation (on hand + on order-6 month requirements)” (e.g., an hypothetical demand forecast) “to determine if material purchases exceed material demand for the component part” (e.g., excess inventory and the associated liability));

**Claims 10 and 20:**

- *validating a claim for the liability associated with the excess inventory* (column 8, lines 16-24: which teaches that “[a] user of the excess inventory system can review excess material” (e.g., validating a claim) “using the ad hoc reporting capabilities of excess inventory system and use other features of the excess inventory system to maintain the information in excess inventory system query excess inventory detail table 25 via user input 26 or financially summarized excess inventory data table 29” (e.g., liability associated with the excess inventory) “via user input 31.”);

**Claim 21:**

The limitations of claim 21 encompass substantially the same scope as claim 1. Accordingly, those similar limitations are rejected in substantially the same manner as claim 1, as described above. The following are the limitations of claim 21 that differ from claim 1.

- *a processor; a liability management tool coupled to the processor* (Figure 3, which it illustrates the operation of strip program” (e.g., a liability management tool) and column 8, lines 25-48, which teaches that the strip program calculates stock on hand for each material plus open orders quantities with the purpose to identify excess stocks as well as non-excess material where information is recorded in the excess inventory detail table. It is implicitly disclosed that a program is coupled to a processor in order to be executed by the system);

### **Claim Rejections - 35 USC § 103**

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. Claims 3, 13 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rand et al (US 5,960,414) hereinafter “Rand” as applied to claims 1-2, 4-8, 10-12, 14-18 and 20-23 above in view of **Official Notice**.

#### **Claims 3 and 13:**

Rand teaches that the “strip program 22 calculates the standard material price” (e.g., unit costs) “for material identified as excess inventory” and that the system for monitoring excess inventory determines the requirements for each component part” (e.g., bills-of-material information) over a predetermined period based on the MRP information. (Column 2, lines 45-47 and column 8, lines 36-37).

Rand does not specifically disclose that the *cost information including contract terms and conditions*. However Examiner takes Official Notice that is well known in the art that an MRP system includes cost information about contract terms and conditions in order to satisfy a

manufacturing order based on the client's terms and conditions. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to include cost information about contract terms and conditions into Rand's Monitoring Excess Inventory Method and System, because they define how a contract is implemented for a customer organization and they define what is being sold under the contract; the price of the items being sold; how the items are shipped; how orders are paid for; how item returns are handled; how orders are approved; and where orders are shipped from.

**Claim 24:**

The limitations of claim 24 encompass substantially the same scope as claims 3 and 5. Accordingly, those similar limitations are rejected in substantially the same manner as claims 3 and 5, as described above.

13. Claims 9 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rand et al (US 5,960,414) hereinafter "Rand" as applied to claims 1-2, 4-8, 10-12, 14-18 and 20-23 above in view of Weltman, **Strategies for Your Business's Excess Inventory**, Inc.com, January 2003.

**Claims 9 and 19:**

Rand does not specifically disclose the following limitation. However Weltman in an analogous art of Business's Excess Inventory for the benefits of strategies for excess inventory (page 1, strategies) as shown, does:

- *planning a promotional activity to increase consumption of the commodity* (page 1, Mark down slow movers: which teaches that for excess inventory to "offer it for sale" (e.g., a promotional activity) "at a substantially reduce price" which increase consumption of the commodity);

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to plan a promotional activity (e.g., mark down slow movers, donate excess items to charity) as taught by Weltman to improve Rand excess inventory monitoring method, product and system, thereby giving the predictable result of invest money in items (e.g., commodities) with

more productive uses and to cut excess inventory, "and gain tax benefits as well". (Weltman page 1, 1<sup>st</sup> ¶).

### Conclusion

14. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.
- Rembert (US 5,101,352) disclose a material requirements planning system.
  - Carlson, Jr. et al (US 4,646,238) discloses a material requirement planning system and procedures for use in process industries.
  - Jayaraman et al (US 5,287,267) discloses a method for parts procurement quantity determination where demand is uncertain for the product in which the parts are used.
  - Kagami et al (US 5,946,663) discloses an inventory control method and system.
  - Laughlin et al (US 2002/0107753 A1) discloses a min/max inventory control system and associated method and computer program product.

Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Nadja Chong** whose telephone number is **571.270.3939**. The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **BETH BOSWELL** can be reached at **571.272.6737**.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair> <<http://pair-direct.uspto.gov>>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).

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/Nadja Chong/ Examiner, Art Unit 3623

/Scott L Jarrett/

Primary Examiner, Art Unit 3623